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SENSITIVE
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TREASURY FOR TFFC, TFI

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SUBJECT: TERRORIST FINANCING / CHARITIES: EU SENSITIVITIES FOR
U.S.-EU DISCUSSIONS

REF: STATE 46472

1. (SBU) SUMMARY: USEU met on June 16 with a European Commission terrorist financing contact regarding U.S. proposals to discuss with the EU the abuse of charities by terrorist organizations. Contact expressed doubt that a U.S.-EU workshop on this topic can be agreed by the EU during the French EU Presidency, and recommended that the USG begin laying the groundwork for such an initiative with the subsequent Czech EU Presidency as a back up plan. END SUMMARY.

2. (SBU) Contact said the EU is hesitant to participate in talks with the United States on this topic partly because they have not yet adopted a common stance within the Community. The EU wishes to achieve consensus within the EU before discussing with other countries. The EU's internal dialogue has advanced through three meetings (one three years ago, one on April 25, 2008, and one to be determined after the second EU study on NPOs is complete, hopefully this winter). The U.S. could be invited to this upcoming meeting. Contact said the EU had originally planned to draft a "roadmap" for non-profit organizations through this process. However, wide variation in EU Member State approaches to regulating the NPO sector has created controversy and hampered this effort. If a roadmap is completed, it would most likely take the form of a training, education, and awareness raising approach rather than a legislative one. USEU pointed out that international partners can provide valuable insight while internal "roadmaps" are being formulated.

3. (SBU) Contact stressed that this is an internally sensitive issue for the EU. Some Member States worry about a domestic political "backlash" from EU-based charities if a U.S.-EU dialogue became public. Some EU members are still negotiating with domestic NPOs on a national basis, and fear that international talks would upset this delicate process.

4. (SBU) Contact requested more detail as to how the U.S. approaches the abuse of charities by terrorist organizations. Contact recommended that the U.S. give a presentation to provide more insight into our activities in relation to this at the November U.S.-EU Troika on Terrorist Financing.

5. (SBU) Given continued EU sensitivities and advanced French planning for a workshop on wire transfers, contact expressed doubts that charities will be an agreed topic by the October meeting. The EU would also want a different group of experts to attend a meeting concerning NPOs than usually attend these workshops. Contact suggested the United States begin talking to the Czechs to place this on their Presidency's agenda starting January 1.

6. (SBU) Contact informed USEU that the G8 charities initiative (Reftel) seemed to be moving forward, but the EU was unsure of what

Finance Ministers are being asked specifically to do. Contact expressed reservations, saying the proposal was vague, but thought it would move forward.

17. (SBU) COMMENT: The EU has demonstrated similar refusal to discuss charities with other third countries, pending a common position. During the EU-GCC terrorist financing seminar on April 14-15, GCC countries tried in vain to solicit EU responses to their request for dialogue on this topic. END COMMENT.

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